



Joint Venture Ethics Panel

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Joint Ventures: Finding a Trusted Partner

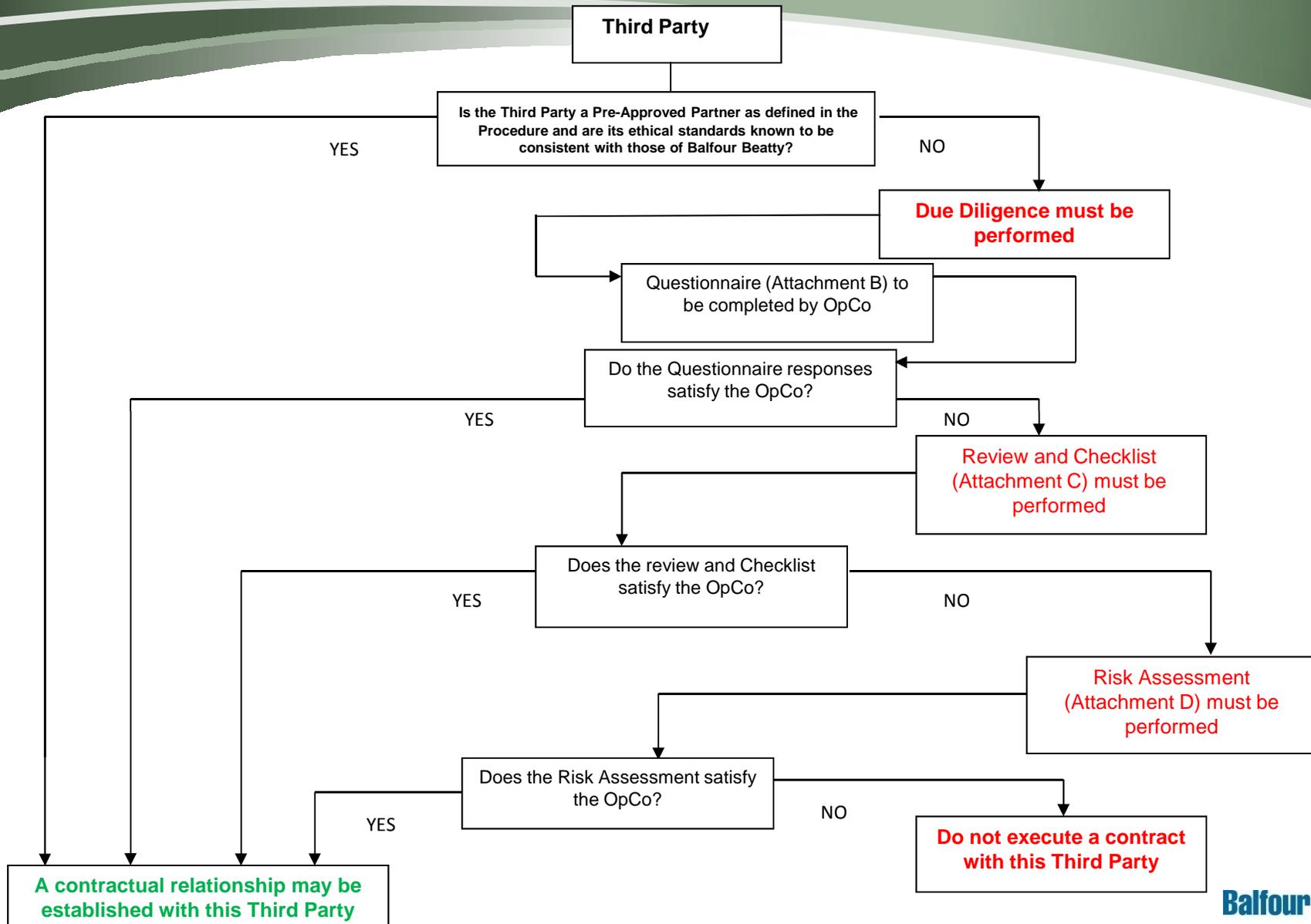
- Due Diligence in Selecting a JV Partner
 - How should you select a joint venture partner?
 - Sound business ethics are important for the joint venture and its success
 - Finding a trusted partner can result in profitability for both parties

Questions Your Company Should Ask

When considering a joint venture, your firm should consider the following:

- What is the firm's corporate culture?
- What is the firm's image in the public?
- What is the firm's reputation in the marketplace with Owners, subcontractors and suppliers?
- Is the firm a member of the CIECI?

Due Diligence Flow Chart



Third Party Questionnaire

To be performed by OpCo on all Third Parties who are not pre-approved by Balfour Beatty

Name of Third Party: _____

Involved Balfour Beatty OpCo: _____

Region/Division: _____

Project: _____

Proposed relationship of Third Party to OpCo: _____

Due Diligence as below performed by: _____

Date completed: _____

Third Party Questionnaire Business Profile

Business Profile and Nature of Services

(1) Organization type : _____

(2) Registered address, state and date of incorporation/ registration: _____

(3) Home Office address (if different to above): _____

(4) Names and positions of Officers: _____

(5) If publicly owned on which Stock Exchange(s) listed? _____

(6) Describe briefly the nature of services to be performed by Third Party: _____

(7) Does the Third Party have the required licences to deliver these services? Yes ___ No ___ if Yes, provide details:

(8) Will the Third Party use subcontractors or other third parties to perform its agreement(s) with Balfour Beatty? Yes ___ No ___ if Yes, provide details:

(9) Describe briefly any other relevant business organization matters that Balfour Beatty should consider: _____

Third Party Questionnaire

Ethics, Compliance and Political Exposure

Ethics, Compliance and Political Exposure

(1) Does the Third Party have policies and a procedures to ensure ethical business practices and prevent bribery and corruption, such as:

- A code of conduct?
- Ethics and compliance training?
- A "whistle-blowing" hotline?
- A Compliance Officer?
- Other (describe)?

If Yes to any, provide details (including a copy of any code of conduct and any other anti-corruption policies if applicable):

(2) If the Third Party will subcontract any services what steps will it take to ensure that such subcontractors will not engage in bribery or corrupt practices? _____

(3) Is there any indication that any of the prospective subcontractors of the Third Party have engaged in any such practices?

Yes ____ No ____
if Yes, provide details:

(4) Does any government entity or Public Official own an interest in or exert control over the Third Party?

Yes ____ No ____
if Yes, provide details:

(5) Are any of the Principal(s) of the Third Party:

- A Public Official whose role could involve him/her in Balfour Beatty's business; and/or: Yes ____ No ____
- A family member or personal or professional associate of a Public Official? Yes ____ No ____

if Yes, provide details:
if Yes, provide details:

(6) Does any Public Official stand to benefit in any way as a result of the proposed agreement with Balfour Beatty?

Yes ____ No ____
if Yes, provide details:

(7) Have any of the Third Party's Principals been the subject of debarment and/or professional suspensions related to, or otherwise been involved in bribery, fraud, or similar offences at any time in the past three years?

Yes ____ No ____
if Yes, provide details:

(8) Has the Third Party or, so far as you are aware, any of its Principals been the subject of a criminal or government investigation or proceeding relating to bribery or corruption at any time in the past three years?

Yes ____ No ____
if Yes, provide details:

(9) Is the Third Party aware of any current, pending or threatened government or criminal investigation or proceeding against the Third Party or any of its Principals relating to bribery or corruption, or of any circumstances likely to give rise to such an investigation or proceeding?

Yes ____ No ____
if Yes, provide details:

(10) Describe briefly any other relevant business ethics matters of which Balfour Beatty should be aware: _____



Third Party Questionnaire Financial Information

Financial Information

(1) For prospective Joint Venture Partners, has the Third Party agreed to provide a copy of its annual report or equivalent and the last three years' financial statements? These will be treated in confidence by Balfour Beatty unless otherwise in the public domain. Yes ____ No ____ if No, provide details:

(2) When will this information be provided, and who is the Third Party contact for financial matters?

(3) For prospective Professional Services consultants, can the Third Party provide Professional Liability (PL) insurance?

Yes ____ No ____ if No, provide details::

(4) What are the available levels of PL insurance?

(5) Name of Insurance Company and contact details of Agent:

(6) For prospective Subcontractors, can the Third Party provide bonding for its services?

Yes ____ No ____ if No, provide details:

(7) Name of Bonding Company and contact details of Agent:

(8) For prospective suppliers, provide Third Party Dunn and Bradstreet rating and details:

Third Party - Business Review and Checklist

To be performed by OpCo whenever there are concerns as to the accuracy and sufficiency of the completed Questionnaire and/or if any other known matter, including the method of selection of the Third Party, potentially involving the ethics of the Third Party and/or its Principals, requires further review.

Name of Third Party: _____

Involved Balfour Beatty OpCo: _____

Region/Division: _____

Project: _____

Proposed relationship of Third Party to OpCo: _____

Due Diligence as below performed by: _____

Date completed: _____

Introduction:

This Checklist is to be performed whenever the information provided by the Third Party to the Questionnaire (Attachment B), and/or the process by which the Third Party was selected and/or any other matters, such as a prior dispute between the Third Party and a Balfour Beatty OpCo, raise any concerns or questions as to the ethical principles and conduct of the Third Party and/or its Principals.

This Checklist shall always be performed and completed prior to the employment of an Agent.
The completed Questionnaire will provide the basis for this further due diligence.

Third Party - Checklist

- (1) Do we expect the Third Party to use any subcontractors? Yes ___ No ___ if Yes, provide details:
- (2) Should due diligence be performed on any subcontractors of Third Party? Yes ___ No ___ if Yes, provide recommendations as to how this should be performed and by whom?
- (3) Are there any prior disputes, or concerns about corruption or unethical conduct, involving the Third Party, its parents, subsidiaries or affiliates and any OpCo? Yes ___ No ___ if Yes, provide details:
- (4) Is there any reason to be suspicious or concerned about how the Third Party wins, or helps other companies win bids for business, particularly with governmental entities? Yes ___ No ___ if Yes, provide details:
- (5) Is the Third Party being considered because of its connections with any governmental entity or Public Official? Yes ___ No ___ if Yes, provide details:
- (6) Are you aware if any of the Third Party's Principals has a family member or personal or professional associate of a Public Official? Yes ___ No ___ if Yes, provide details:
- (7) Are you aware if any Public Official stands to benefit personally or financially from the proposed agreement with the Third Party? Yes ___ No ___ if Yes, provide details:
- (8) Are you aware if a governmental entity or Public Official owns an interest in or exerts any control over the Third Party? Yes ___ No ___ if Yes, provide details:
- (9) Are there indications that the Third Party or any of its Principals may make, or have made in the past, improper payments to a Public Official? Yes ___ No ___ if Yes, provide details:
- (10) Are there indications that the Third Party or any of its Principals may be, or have been, involved in any bribery or corruption? Yes ___ No ___ if Yes, provide details:
- (11) Has the Third Party suggested that an additional fee will be needed or may be sought to pay the "expenses" of Public Officials, or something similar? Yes ___ No ___ if Yes, provide details:
- (12) Has the Third Party requested anything unusual with regard to compensation? For example: For all Yes answers below, provide details:
- Compensation significantly greater than the market rate for comparable work? Yes ___ No ___
 - Payment in cash, cash equivalent or gifts? Yes ___ No ___
 - Payment to another party or to a bank account in another name? Yes ___ No ___
 - Payment to a bank account located in a country other than where the services will be performed or the Third Party is resident? Yes ___ No ___
 - Provision for a large rebate or bonus? Yes ___ No ___
 - Other (describe)? Yes ___ No ___
- (13) Would all or part of the Third Party's compensation depend upon some favorable action by a Public Official (such as a fee linked to obtaining a permit or winning business for Balfour Beatty)? Yes ___ No ___ if Yes, provide details:
- (14) Any other checklist comments:

Third Party - Business Details

Third Party Business Details

(1) Name and business address of Third Party, and details of point of contact:

(2) Type of legal entity, date and state of incorporation/registration:

(3) Does Third Party have the required licences for the anticipated services?

Yes ____ No ____ if Yes, provide details:

(4) If Third Party is an Agent, provide name and full contact details:

(5) Anticipated contractual form of formal relationship of Third Party with OpCo:

(6) Describe briefly any other relevant business organization matters which the OpCo should consider:

Third Party - Selection Process

Third Party Selection Process

(1) How was the Third Party identified and selected?

(2) Summary details of services to be provided by Third Party:

(3) Has the OpCo had a previous relationship with Third Party?

Yes ____ No ____ if Yes, provide details:

(4) Was Third Party introduced to OpCo by another third party?

Yes ____ No ____ if Yes, provide full details of such third party, and specify whether it has any direct or indirect connection with the Third Party.

(5) Were any other Third Parties considered for this role?

Yes ____ No ____ if Yes, provide details:

(6) What other major contractors has the Third Party worked for?

(7) Have other contractor references been provided by Third Party and checked?

Yes ____ No ____ if Yes, provide details:

(8) Who has visited the Third Party's office and/or project sites and/or taken any other steps to ensure that it can carry out the relevant services?

(9) Provide details of any visits as above:

(10) Do you have any reservations as to the competence and experience of the Third Party for this work:

Yes ____ No ____ if Yes, provide details:

(11) Any other comments on selection process:

Third Party Ethics and Code of Conduct Compliance

Third Party Ethics and Code of Conduct Compliance

(1) Confirm that you have spoken to the Third Party about the Balfour Beatty Code of Conduct and state the steps taken to explain and ensure compliance:

(2) Is there any reason to doubt the Third Party's willingness or ability to comply with contractual provisions to address bribery and other forms of corruption?

Yes ____ No ____ if Yes, provide details:

(3) In the case of an Agent, has the Agent agreed to sign the OpCo Standard Sales Agent Agreement (see guidance notes at Attachment C-1)?

Yes ____ No ____ if No, identify the provisions unacceptable to the Agent:

(4) Has the role of the Third Party and, in the case of an Agent, the amount of the proposed payment, been (a) disclosed to the Client and (b) made public?

Yes ____ No ____ if No would the Third Party/Agent agree to this happening?

Yes ____ No ____ if No, give reasons:

(5) Were you able to independently corroborate all material responses provided by the Third Party as part of the Questionnaire?

Yes ____ No ____ if No, provide details:

(6) Were there any material differences between the responses in the Questionnaire and this Checklist review?

Yes ____ No ____ if Yes, provide full details:

(7) Any other ethics/code of conduct comments:

Third Party – Further Action

Further Action for Red Flag Activities

Is the answer to one or more of the questions above “Yes”, or do the answers to any of the questions raise any risks, concerns or material gaps in our knowledge? These are defined as “Red Flags”.

Yes	A Risk Assessment is required

No	Proceed to contract negotiations

This form, the completed Third Party Questionnaire and any other information gathered during Due Diligence in relation to this Third Party, must be retained in accordance with OpCo document retention policy and in any event, for the period for which any agreement with this Third Party envisaged by this form is retained. If the Third Party is subsequently employed for another project(s) without further Due Diligence being performed a complete copy of this file must be included on the file of the subsequent project(s).

Anti-Corruption Due Diligence and Assurance Procedure

		ANTI-CORRUPTION CLAUSES IN CONTRACTS AND AGREEMENTS (6)	DUE DILIGENCE (1) (7)	3 rd PARTY QUESTIONNAIRE (2)	CHECKLIST (2)	RISK ASSESSMENT (2)	ADOPT BB CODE OR EQUIVALENT (3)	DEMONSTRATE EQUIVALENT CODE (4) (9)	AGREE TO COMPLY WITH BB CODE (9)	REGIONAL OR DIVISIONAL APPROVAL (5)	OPCO CEO APPROVAL (5)
Non Governmental Customer	New	✓	✓		✓	✓				✓	✓
	Existing > 3yrs since previous project	✓	✓							✓	
	Existing < 3yrs since previous project	✓									✓
3 rd Party or activity	JV	✓					✓			✓	✓
	Pre-approved JV							✓			✓
	Other JV		✓	✓	✓	✓		✓	✓		✓
	Pre-approved 3 rd party	✓		✓					✓	✓	
	Non pre-approved 3 rd party	✓	✓	✓	✓	✓			✓	✓	
	Agent	✓	✓	✓	✓	✓	✓			✓	✓

The Walsh Group Qualification : Third-Party Partners

- 1) Sponsor
- 2) Business Justification
- 3) Third-Party Assessment
- 4) Division President Approval
- 5) Written Agreement
(Certification and Implementation)



Business Justification

JOINT VENTURE BUSINESS FORMATION

Project Name: _____
Location: _____
JV Participants: _____

Managing Party: _____

The undersigned understand that The Walsh Group's policy prohibits the Company or any of its subsidiaries from engaging in any activity or discussions with the interest to reduce competition in bidding. This policy applies to the formation of a joint venture, and the undersigned understand that no joint venture involving the Company or any of its subsidiaries may be formed with the intent of reducing the number of potential bidders on any given project. The undersigned hereby represent that they have reviewed the purpose of this joint venture, and believe it has been formed for legitimate business reasons, based on a consideration of the following:

1. Size of Project: Is the size of the project such that it is reasonable to work with a partner to share the financial risk?
2. Second Estimate: Will a partner provide a useful second estimate in conjunction with the building of the project?
3. Bonding Requirements: Are the size of the bonds required by the owner such that it would be useful to have a partner to help share a portion of the bonding requirements?
4. Special Equipment: Does one of the partners bring special equipment that would be beneficial to the team?
5. Special Experience: Does one of the partners bring specialized experience or knowledge that would be beneficial to the team?
6. Materials/Supplies: Does one of the partners bring access to special materials or supplies that would be beneficial to the team?
7. Local Presence: Does one of the partners bring a local presence that would be beneficial to the team?

8. Unique Qualifications: Does one of the partners possess certain unique qualifications that are required by or beneficial to the owner or project?
9. Labor Relations: Does one of the partners bring a relationship with labor that would be beneficial to the team?
10. Owner Relationship: Does one of the partners bring a relationship with the owner that would be beneficial to the team?
11. Owner Expectations: Has the owner expressed a specific interest in seeing the parties bid the project as a team?
12. Owner Awareness: Is the owner a governmental entity that is or will be aware that we are bidding the project as a joint venture?

UNDERSTOOD AND AGREED BY:
WALSH CONSTRUCTION COMPANY
ARCHER WESTERN CONTRACTORS, LTD.
<Strike One>

Business Group Leader

<JV Partner must have officer sign>

Third-Party Assessment



THIRD-PARTY STRATEGIC PARTNER ASSESSMENT GUIDE

- I. Primary Areas of Review
 - a. Ethics
 - b. False Claims
 - c. Anti-corruption
 - d. Antitrust
 - e. Safety
 - f. Quality Control
 - g. Employment Practices –EEO
 - h. Conflicts of Interest
 - i. Disadvantaged Business Enterprises
 - j. Environmental
 - k. Equipment / Trucking
- II. Corporate Policies
 - a. Do they exist?
 - b. In what form?
 - c. On what topics?
 - d. Are they readily available to the employees?
- III. Instructional Materials/Manuals
 - a. Do they exist?
 - b. In what form?
 - c. On what topics?
 - d. Are they readily available to the employees?
- IV. Employee Training
 - a. What type of training is provided?
 - b. How frequently is training performed?
 - c. Who provides the training?
- V. Compliance Reviews - Audit
 - a. Are reviews performed?
 - b. What type of reviews?
 - c. Who performs the reviews?
- VI. Reporting
 - a. Does the company have a reporting mechanism for possible policy violations?
 - b. What type of reporting is in place? Hotline?
- VII. Financial Review
 - a. CFO review of financial statements
 - b. Parent Company Guarantee
 - c. Surety
- VIII. Specific Compliance Areas
 - a. Ethics

December 4, 2008



- i. Specific training (content, frequency, coverage)
- ii. Board level oversight
- iii. Compliance review
- b. False Claims – Negotiation Practice
 - i. Specific training (content, frequency, coverage)
 - ii. Leadership review / Claim review by partner
 - iii. Certification of claims – subcontractor claims
 - iv. Self-Reporting
 - v. Compliance audit
- c. Anti-corruption
 - i. Specific training (content, frequency, coverage)
 - ii. Foreign practices
 - iii. Business courtesies
 - iv. Compliance review
- d. Antitrust
 - i. Specific training (content, frequency, training)
 - ii. Compliance audit
- e. Safety
 - i. Overall program review
- f. Quality Control
 - i. Overall program review
- g. Employment Practices
 - i. Specific training (content, frequency, training)
 - ii. Claim and consent decree review
 - iii. Compliance audit
- h. Conflicts of Interest
- i. Disadvantaged Business Enterprises
 - i. Specific training (content, frequency, coverage)
 - ii. Application of “commercially useful function” requirements
 - iii. Compliance audit
- j. Environmental
 - i. Specific training (content, frequency, training)
 - ii. Spill plans, etc.
 - iii. Knowledge of proper reporting
 - iv. Record retention program
 - v. Compliance audit
- k. Equipment/Trucking
 - i. Specific training (content, frequency, training)
 - ii. Operator & Driver training/testing
 - iii. Record keeping / registration
 - iv. OSHA & DOT Compliance audit

December 4, 2008

Written Agreement



Exhibit B

Joint Venture Compliance Program and Ethics

[This Exhibit shall be applicable to any Joint Venture performing contracts subject to the requirements of FAR 52.203-13, Contractor Code of Business Ethics and Conduct.]

1. Code of Conduct – The Managing Party will develop a code of conduct (“JV Code”). The JV Code will include only those provisions that are specific to, and necessary for, Joint Venture operations. FAR requirements applicable to the Joint Venture Parties as independent business entities will not be included in the JV Code, but shall be covered in each Party’s code of conduct to the extent a Party’s independent actions and non-compliances may be deemed Joint Venture actions and non-compliances. Joint Venture Party nominal employees providing services to the Joint Venture shall be subject to requirements of both their nominal employer’s code and the JV Code.
2. Training – The Managing Party will provide compliance training for the Joint Venture in the form of a recorded training program. The Managing Party will use its own recorded program unless the Management Committee approves other materials.
3. Hotline – The Managing Party will provide a Joint Venture compliance “hotline” phone number. Allegations of non-compliance reported via the compliance “hotline” will be forwarded to the Joint Venture compliance committee (see below) for disposition. As and when appropriate each Party’s Joint Venture compliance committee representative shall report such allegation to the Party’s own compliance officer.
4. Sufficiently High Person – The compliance officer for the Joint Venture (“Compliance Officer”) shall be the certain individual identified in the Joint Venture agreement as the Managing Party’s responsible person. The Joint Venture compliance committee (“Compliance Committee”) will include the Compliance Officer and at least one other member named by each other Party. The Compliance Committee shall meet during every Management Committee meeting (either in person or telephonically) to receive and address reports from audits and the compliance “hotline”, evaluate the Joint Venture compliance training program, and perform periodic reviews of compliance procedure promulgation.
5. Exclude Guilty People as Principals – Each Party’s Management Committee representative, Compliance Committee representative and the Project Manager, shall be deemed Joint Venture “Principals” within the meaning of the final FAR rule issued on November 12, 2008 (the “2008 Rule”). Prior to Joint Venture



employment of any Principal, or any Principal providing services to the Joint Venture if such person is not an employee of the Joint Venture, in the alternative:

- The Managing Party shall employ a third party to perform a personal background check on that person; or
 - a Party may certify that its nominal employee acting as a Principal for the Joint Venture has not been found to have violated that Party’s own code of conduct.
6. Periodic Reviews – The Managing Party shall provide periodic effectiveness and risk assessment as required; the Compliance Committee will perform annual, effectiveness and risk assessment for its own account.
 7. Audit – The Managing Party will provide compliance audit services to the Joint Venture. Compliance audits will be performed at such intervals as determined by the Management committee, but in no case less than once during the Joint Venture term. Audit reports will be timely provided to the Compliance Committee and will be formally considered during the next scheduled Compliance Committee meeting. The Compliance Committee shall discuss and record in its meeting minutes non-compliances and possible non-compliances addressed in audit reports, and how such non-compliances and possible non-compliances will be resolved. Each Party’s Compliance Committee representative will be responsible for reporting material matters and concerns to that Party’s own compliance officer.
 8. Disciplinary Actions – The Compliance Committee shall advise the Management Committee concerning recommended disciplinary actions, and the Management shall undertake such actions if they are determined by the Management Committee to be reasonable within the context of the matter. Each Party’s Compliance Committee representative will be responsible for reporting disciplinary actions and the matters from which such actions arose to that Party’s own compliance officer.
 9. Disclosure – Each Party, as a condition of being admitted as a Party to this Joint Venture, and as an essential duty thereafter, shall timely make those disclosures required under FAR Parts 52 and 9 to the Compliance Committee. Each Party’s Compliance Committee representative will be responsible for reporting said disclosures to that Party’s own compliance officer.

Know Your Joint Venture Partner

All Joint Ventures:

- Always Top Executive Management Approval
- Ethics and Compliance Capabilities and Qualifications On Equal-Footing
- Accountability

Know Your Joint Venture Partner

When Kiewit Is The Non-Sponsoring Partner:

- Ask the right questions to identify possible shortcomings
- REMAIN ENGAGED

Matching up Corporate Cultures

- Is the JV partner a good fit for your company culture?
 - **What** does the company do and **how often** do they do it?
I.e., annual ethics training, job start safety meetings, etc.
 - Are these practices in line with your company culture?
- Understand how internal programs work:
 - Ethics program / code of conduct
 - Safety program
 - Quality program
 - Consideration of potential partner's personnel. (I.e., you may want a company with builders rather than managers.)

Determining whose corporate policies prevail

- How do you determine whose corporate policies will prevail on the job?
 - Once this is determined, there should be training for the JV employees.
 - When using a hybrid of two (or more) company policies the rules that apply to the JV itself must be clear to minimize risks of noncompliance.
 - Create a plan for refresher courses with JV project teams on hybrid policies and procedures applicable to the joint venture.
 - This would likely involve participation from Legal, Compliance and HR teams from the JV parties.

Conclusion

- Selecting the right joint venture partner requires due diligence on the front end, as well as throughout the project.
- Finding the right “fit” for your company will result in maximizing value for the client and profits for both firms.